



BALANCED PROPOSED ANNUAL
OPERATING AND CAPITAL BUDGET
FISCAL YEAR 2010

PRESENTED BY
CITY MANAGER SHERYL SCULLEY

THURSDAY, AUGUST 13, 2009

General Fund Summary Points

- FY 2010 Budget is balanced
- 5% reduction compared to FY 2009 Budget
- \$19 million in recurring cuts
 - Majority are efficiencies and reduce overhead
 - 334 positions eliminated, no uniform positions impacted
 - All employees in filled positions will be placed
 - No layoffs included in Proposed Budget
- 50 New Police Officers with Federal Stimulus funds
- 27 New Fire/EMS Positions



General Fund Summary Points

- No cost of living increases in civilian, uniform or retired employees
- Health Care Premiums will not increase in FY 2010
- Financial Reserves maintained at 9%
- City Property Tax Rate decreases for third year
- Automated garbage collection conversion completed in 2010
 - No increase in Solid Waste fee
- FY 2011 Budget balanced
 - \$11 million in additional reduction proposals included in Budget for consideration and evaluation



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Changes since 5-Year Forecast

General Fund (\$ In Millions)	
Two Year Shortfall (FY 2010 & FY 2011)	(\$78.7)
Net Change in Revenue <i>-over three years-</i>	9.7
Less Spending <i>-over three years-</i>	(19.0)
FY 2010 Recurring Reductions	(19.2)
FY 2011 Impact of FY 2010 Reductions	(19.7)
FY 2011 Reduction Proposals	(11.1)
Total Two Year Shortfall	\$0.0

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BUDGET DEVELOPMENT BACKGROUND

FY 2009 Mid-Year Budget Adjustment

- 6+6 Financial Report presented to Council in April showed FY 2009 General Fund Revenues 5.5% below planned budget
- Actions taken during April 30 and May 14 Council “A” Sessions maintained a balanced budget and generated \$23.5 M for FY 2010 Budget
- Five Year Financial Forecast presented to Council in April indicated shortfalls
 - FY 2010 General Fund projected shortfall of \$11.2 M
 - FY 2011 General Fund projected shortfall of \$67.5 M



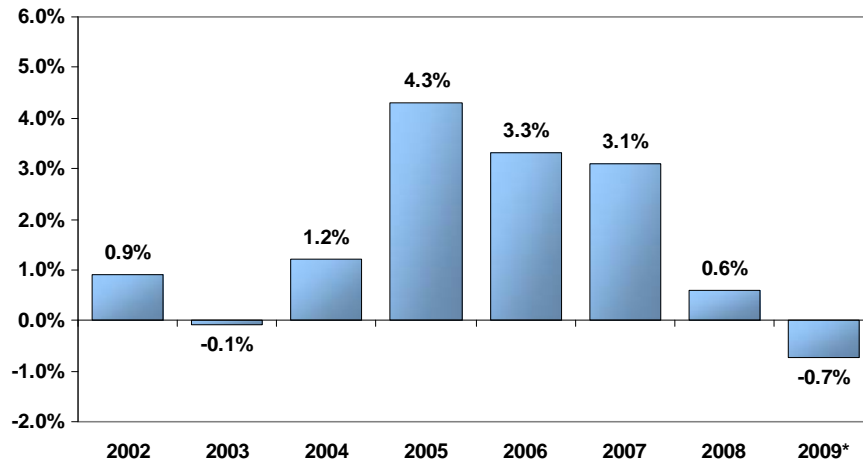
City Council Goal-Setting Session

- Held with newly-elected Council on June 24
- Confirmed Financial Management policies
 - Budgeted Financial Reserves at 9%
 - Two-Year Balanced Budget
 - Property Tax Rate maintained after final City/UHS-related reduction
 - Revenues & Fees for cost recovery



**SAN ANTONIO
ECONOMY**

SA Employment Growth Rate



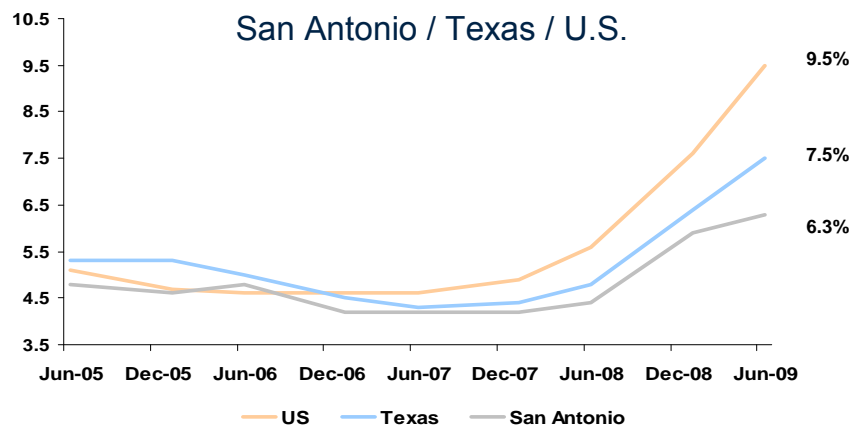
Source: Federal Reserve Bank of Dallas

*Through May 2009

9

Unemployment Rate

Annual Change in Unemployment Rate:
San Antonio / Texas / U.S.



Source: Federal Reserve Bank of Dallas, Bureau of Labor Statistics

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Unemployment Rate

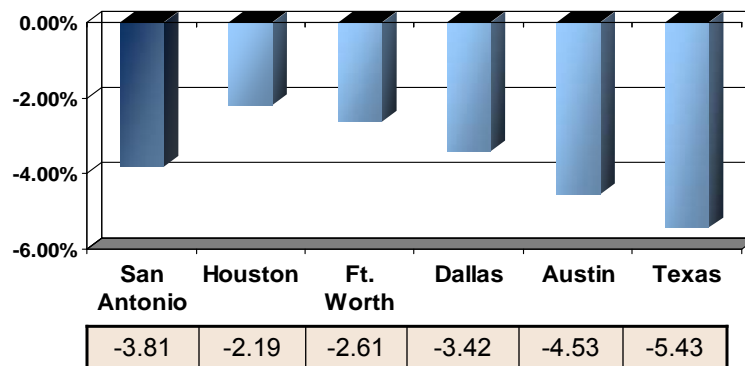
June 2008/2009 Unemployment Rate			
City/Region	2008	2009	Change
U.S.	5.6%	9.5%	3.9%
Texas	4.8%	7.5%	2.7%
Ft Worth	4.6%	7.8%	3.3%
Houston	4.6%	7.5%	2.9%
Dallas	4.8%	7.6%	2.8%
Austin	4.2%	6.6%	2.4%
San Antonio	4.4%	6.3%	1.9%

Source: Federal Reserve Bank of Dallas

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Business Cycle Index

Annualized % Change: Dec. 2008 to June 2009

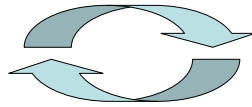


Source: Federal Reserve Bank of Dallas; Percent change calculated by SABER Institute

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Business Cycle Index

- Business Cycle Index measures key economic indicators by region including employment (non-agriculture), unemployment rate, wages and retail sales
- Movement in index indicates direction of local economy
- Index reflects growth at slower pace for San Antonio and all major metro areas in Texas



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Reduction Strategies in Other Cities

- Dallas
 - Proposed budget to lay off 850 civilian employees and eliminate 1,400 funded positions
 - Proposed 5 furlough days (2% reduction in pay) for civilian employees
- Austin
 - A proposed property tax increase (3.16 cents)
 - Proposed deferral of scheduled pay increases of 2.75% for Police and EMS unions
 - Up to 3 furlough days (based on salary)
- Houston
 - Proposed budget limits increase in operating expenses to one-half of 1 percent
 - Proposed 20% budget reductions in some areas



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Reduction Strategies in Other Cities

- **Oakland**
 - 60 layoffs (all funds)
 - 10% reduction to all employees' take-home pay (including uniform), including 12 furlough days
- **Los Angeles**
 - 1,200 layoffs and 26 unpaid furlough days (10% reduction in pay) for civilian employees
- **Atlanta**
 - 3 cent property tax increase
 - Reduction of 695 employees



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FINANCIAL MANAGEMENT STRATEGIES

Budgeted Financial Reserves

- Critical to prudent financial management
- Increase City's credit worthiness resulting in higher credit ratings
- Measure of last resort to provide budgetary stability for unexpected events
 - Natural disasters
 - Unforeseen operational or capital requirements
 - Catastrophic change in the City's financial position



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Financial Reserves – Comparative Data

Rank	City	2010
1	Houston, TX	11.3%
2	Austin, TX	11.0%
3	Fort Worth, TX	10.0%
4	San Antonio, TX	9.0%
5	San Diego, CA	7.0%
6	Dallas, TX	5.8%
7	San Jose, CA	4.3%

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Proposed Revenue Adjustments

- 56 revenue sources identified for adjustment in 2010 Budget generating \$3.6 M additional revenue
 - Parking fine increases based on comparative analysis of other Texas City fine amounts date of last increase
 - Emergency Medical Service transport and service fee increases based on cost recovery and market comparative analysis
 - Alarm permit fees adjustments also based on cost recovery and market



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Comprehensive Budget Reviews

- Budget Innovation & Reform Teams conducted Comprehensive Budget Reviews of Public Works and Community Initiatives
- Over one month period, team focused on evaluating departmental core business processes and identified efficiency strategies
- Resulted in efficiency savings totaling \$5.0 M
- 5 additional reviews scheduled in Fall and Spring



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Alliance For Innovation

- Alliance For Innovation Fiscal Monitoring Project
- Local Governments discussing current national and local economic conditions and how organizations can transform to be stronger and more effective
- San Antonio participating as one of 12 governments sharing best practices and insights



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BUDGET SUMMARY & REVENUES

Budget Facts

Total Consolidated Budget – All Funds	\$2.3 Billion
FY 2010 General Fund Budget	\$885 Million
Restricted / Enterprise Funds	\$700 Million
FY 2010 Capital Improvements Program	\$715 Million



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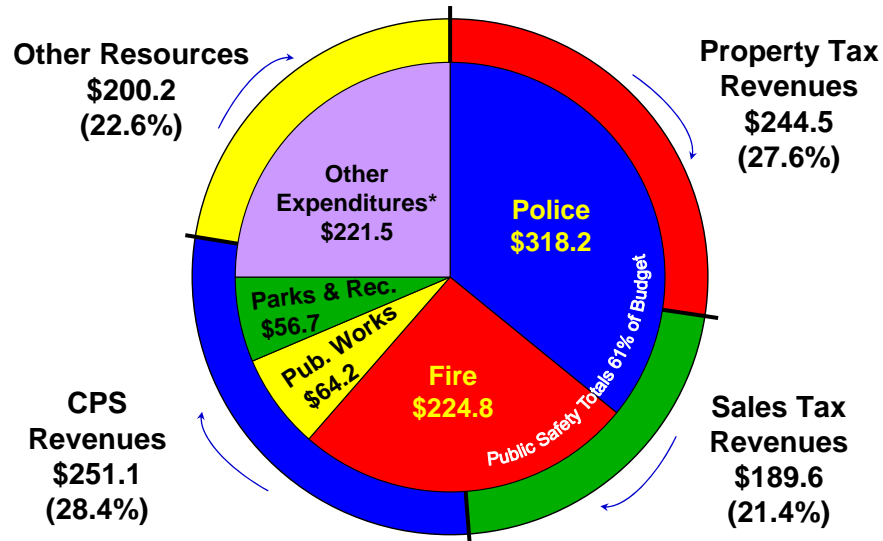
Budget Year Over Year Change

	BUDGET FY 2009	BUDGET FY 2010	PERCENT CHANGE
<i>General Fund Total Expenses (\$ in millions)</i>	\$929.96	\$885.41	-5%



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**GENERAL FUND AVAILABLE RESOURCES
DISTRIBUTED OVER MAJOR SPENDING AREAS (\$ in millions)**

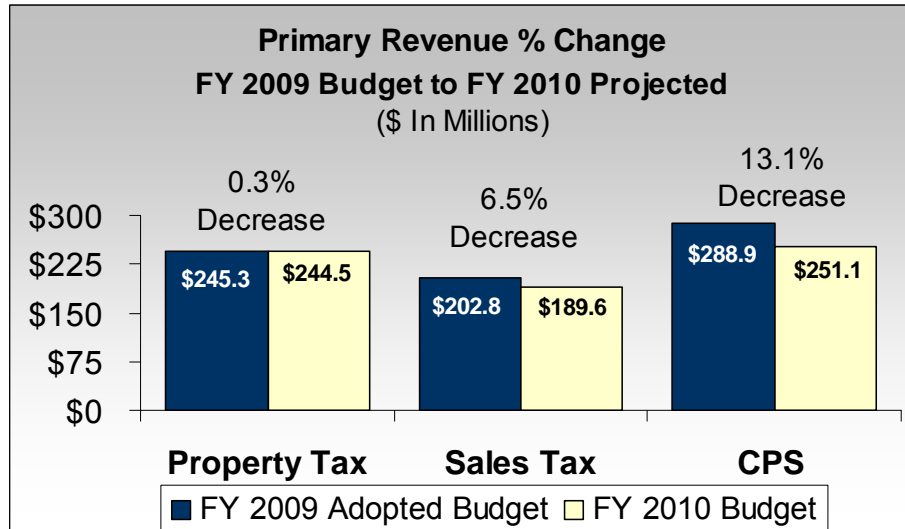


FY 2010 TOTAL PROPOSED BUDGET: \$885,405,872

Other General Fund Expenditures

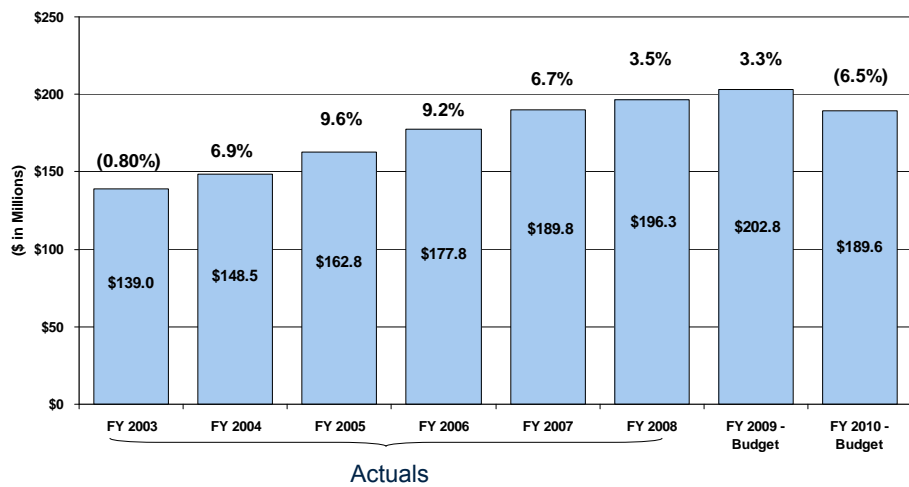
Community Initiatives w/ Agencies	\$33.4 M
Library	\$28.8 M
Health	\$12.0 M
Municipal Courts	\$11.5 M
Neighborhood Services	\$10.5 M
Downtown Operations	\$9.0 M
Animal Care	\$7.5 M
Customer Service/311	\$3.7 M
Economic Development	\$1.9 M
General Administration/Non-Departmental	\$103.2 M

General Fund Revenues



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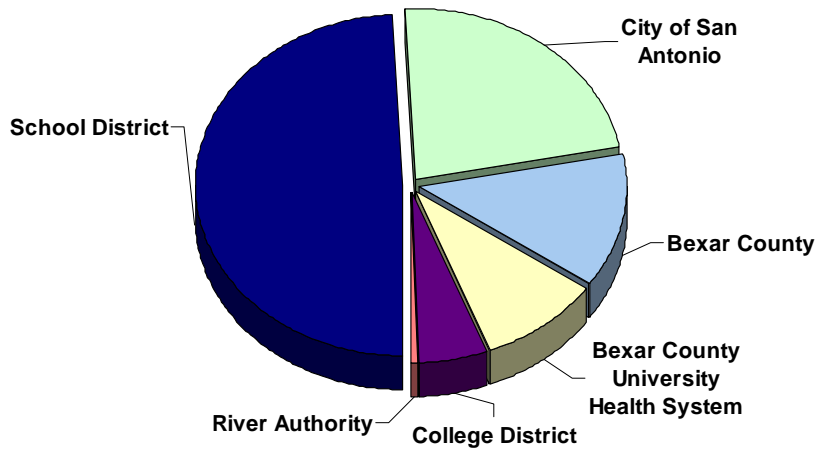
Sales Tax History & Budget



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Property Tax Bill

School Districts & Bexar County Taxing Units represent over 75% of annual tax bill
City represents less than 25% of annual tax bill



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Taxable Property Values

- Taxable property value for existing properties declined for first time since 1993
- Taxable property value from new construction increased but less than FY 2009

Year Over Year Growth In Value

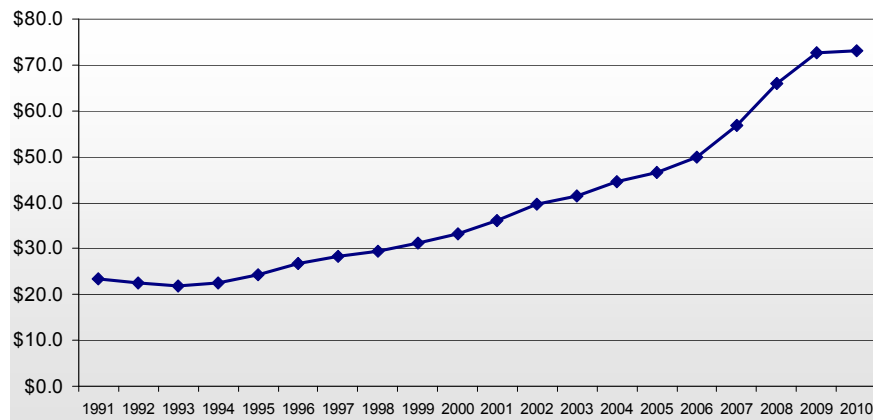
	FY 2009	FY 2010
Existing Property	6.79%	-1.87%
New Improvements	3.24%	2.70%
Total Growth	10.03%	0.83%

- FY 2008 Total Growth: 16.2%
- FY 2007 Total Growth: 13.8%

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Taxable Property Values

**Taxable Property Values Last 20 Years
(\$ In Billions)**



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Property Tax Rate Reduction

- Property Tax Rate reduction included in Proposed Budget
 - Reflects prior commitment with City and University Health System to consolidate clinical preventative health services
 - FY 2008 City Tax Rate per \$100: 57.230 cents
 - Reduction of 0.624 cents
 - FY 2009 City Tax Rate per \$100: 56.714 cents
 - Reduction of 0.516 cents
 - FY 2010 City Tax Rate per \$100: 56.569 cents
 - Reduction of 0.145 cents
- Three year impact of tax rate reductions (FY 2008 - FY 2010) has lowered the overall tax rate by 1.285 cents

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Property Tax Relief

- City continues commitment to provide Tax Relief to Seniors and Disabled Property Owners
- FY 2010 Budget foregoes \$30.8 M in property tax revenue from Senior and Disabled Homestead Exemptions and Frozen City Tax Payments
 - Close to 73,000 Senior and over 10,000 Disabled Homestead Exemptions
 - 32,000 Senior or Disabled Homestead Accounts pay Zero City Property Taxes



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Property Tax Relief

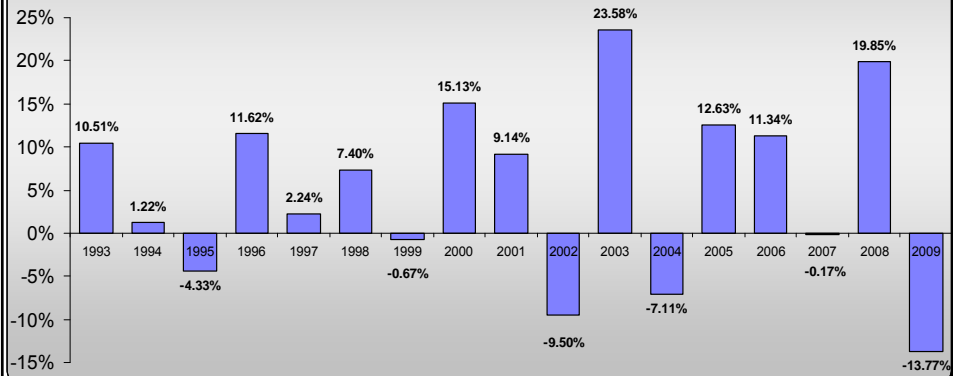
- Disabled Veterans 100% Exemption
 - New for FY 2010
 - Passed by Legislature and signed into law by governor in June 2009
 - Texas Disabled Veterans qualify with 100% disability rating or determination of individual non-employability
 - 1,666 Disabled Veterans 100% exemptions for City in 2010
 - \$1.2 M in property tax revenue exempted in 2010 Budget



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CPS Revenue – Volatility

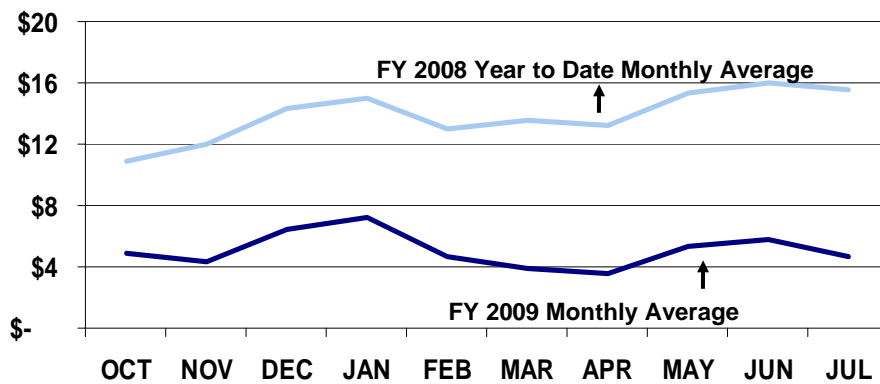
CPS Payment to City
Graph Depicts the % Change
from Prior Year's Actual Payment



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Natural Gas Prices

Average Monthly Natural Gas Prices



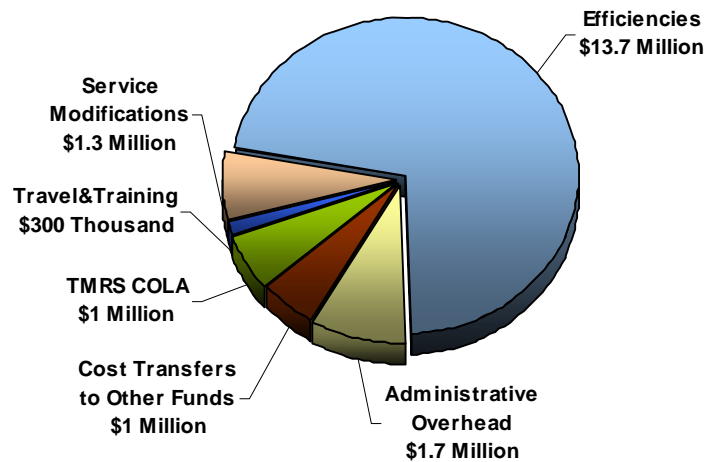
36



FY 2010 GENERAL FUND REDUCTIONS

General Fund Reductions

General Fund Reductions Generate \$19 Million for Balanced
FY 2010 Budget and FY 2011 Budget-Plan



Positions eliminated in FY 2010

FUNDING SOURCE	VACANT	PART-TIME FILLED	FULL-TIME FILLED	TOTAL
General Fund	93	15	161	269
Other Funds	56	0	9	65
Total All Funds	149	15	170	334

Reflects net change in position count from reductions including impact from redirections. Does not include changes in position status from full-time to part-time or positions moved from one fund to another fund.

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Operational Efficiencies – \$13.7 M

- Reorganize Juvenile Offenders Program by transferring case management to Municipal Court to closely and efficiently monitor juvenile restitution services saving over \$1 million
 - Juvenile Case Worker Fund to be created and new municipal court fee proposed to fund program redirecting expenses from General Fund



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Operational Efficiencies – \$13.7 M

- Over \$500K savings gained as a result of implementing reorganization study in Economic Development Department
- FY 2010 Budget reduces the number of heavy equipment and vehicles in inventory saving \$200K
- Align Parks Community Center staff work schedules with customer use patterns savings \$369K



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Operational Efficiencies – \$13.7 M

- 2009 City Budget includes \$2.8 M for San Antonio Education Partnership (SAEP)
 - \$1.4 for scholarships
 - \$1.4 for overhead
- FY 2010 Budget recommends redirecting funding from overhead to scholarships and programs
 - \$344K reduced from SAEP in FY 2010
 - Eliminates 7 positions
- 3-year reinvention plan reduces all overhead costs and redirect remaining portion of overhead dollars to scholarships or programs
 - 11 additional positions reduced in FY 2011 and FY 2012



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Operational Efficiencies – \$13.7 M

- Realign branch library staffing schedules to open all branch libraries on Sunday
- Adjust public service hours by 8 fewer per week during non-peak times
- Savings of \$1.2 M



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Administrative Overhead - \$1.5 M

- Budget saves \$300K by restructuring DCI Quality Assurance Unit to focus efforts on evaluation of grant-funded programs
- Consolidation of City clinical health services with the County Health System results in savings of over \$600K



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Service Modification Proposals - \$ 1.5 M

- Reduce \$200K by reducing service hours during underutilized periods for Texana and government documents section at Central Library
- Reduce \$38K by modifying Spanish Governor's operating hours consistent with other museums in the City



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Service Modification Proposals - \$ 1.5 M

- Cut \$86K by redesigning service model for late night 311 phone coverage during the hours of 11 pm to 7 am
- Save \$225K by lengthening mowing and watering cycles at City Parks
- Eliminate two animal care representative positions with six remaining representatives performing adoptions services



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Department -Wide Reductions – \$2.3 M

- FY 2010 Budget recommends reducing spending across all General Fund Departments by reducing travel by a minimum of 50% resulting in over \$300K in savings
- The hiring freeze will also continue into FY 2010 with exceptions-based review process
 - Positions to be filled in critical areas only



FY 2011 GENERAL FUND REDUCTION PROPOSALS

FY 2011 Reduction Proposals

- \$11 M in reductions included in Proposed Budget as potential reductions for FY 2011 Budget consideration
- FY 2011 proposals used in 2-Year Balanced Budget
- FY 2010/2011 reduction proposals focused on cutting spending but staged to not over-cut
- Examples include unpaid leave for civilian personnel
 - Close City Hall four days between Christmas and New Year holidays

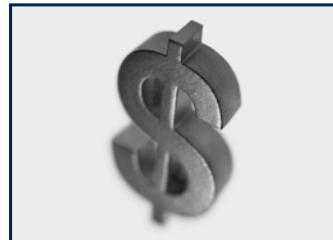


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FY 2011 Reduction Proposals

Additional examples:

- Collapse number of City Departments
- Offer early retirement incentives
- Reduce delegate and job training agencies by up to 10%
- Reduce Community Link Center hours by closing Saturdays



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GENERAL FUND MANDATES

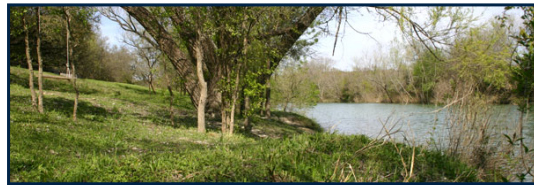
General Fund Mandates

- Mandated Service Improvements total \$10.7 M
 - Result of federal, state, or local law, contractual obligation or operating costs associated with completed capital improvements
- \$3.2 M – Costs and capital needs for the new Fire Station No. 51 located in the IH10/De Zavala area
- \$3 M – Maintenance, support, and training for a Computer Aided Dispatch / Records Management System



General Fund Mandates

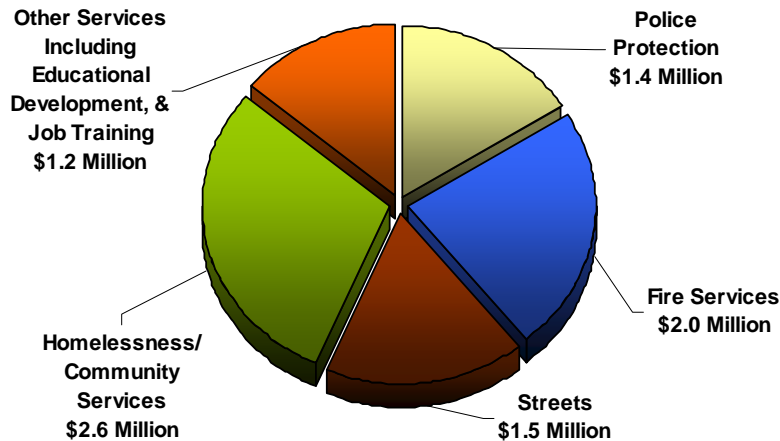
- \$700K – Opening of District 3 Mission Branch, District 9 Stone Oak Branch and District 2 Roosevelt Branch Libraries
- \$867K – Security and maintenance for new parks



GENERAL FUND IMPROVEMENTS

General Fund Service Improvements

FY 2010 General Fund Service Enhancements Total \$8.7 Million



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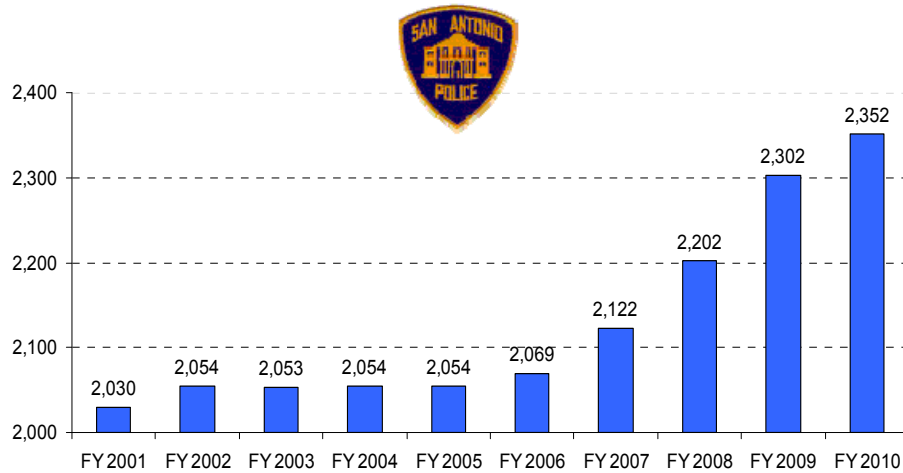
Police Protection/Public Safety

- 50 New Police Officers funded primarily from American Recovery & Reinvestment Act (Federal Stimulus)
 - City's contribution of \$1.2 M in FY 2010 for one-time equipment costs and other non-eligible expenses
- Grant covers majority of expenses for three-year period
- FY 2010 and FY 2011 Budget Plan also includes \$1.25 M to partially prefund FY 2013 budget impact of 50 Police Officers when stimulus funds will have been exhausted



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Police Officer Positions



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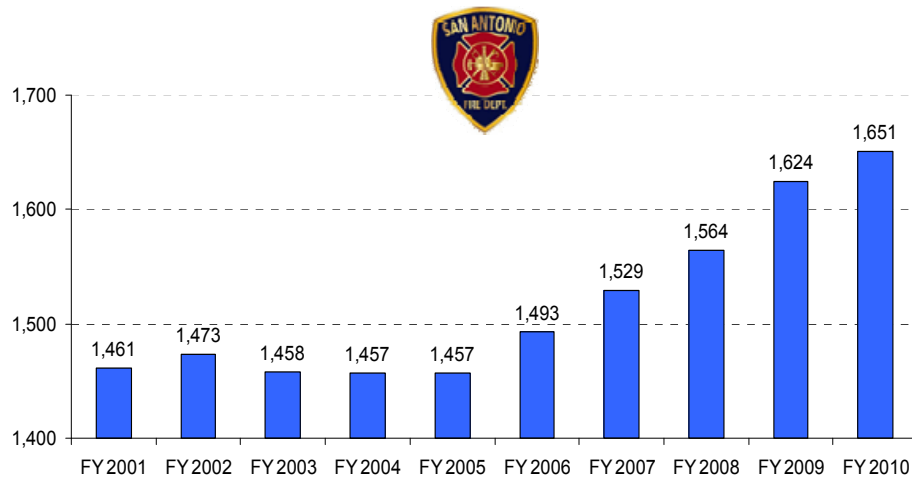
Fire Services

- Add 27 New Firefighters - \$ 1.2 M
 - Includes 1 Engine Company at Station 23 to address extended response times north of International Airport
 - Includes 1 new Emergency Medical Services Unit
- Increase annual funding for paramedic training to enhance Paramedic Engine Response Program - \$813K



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Firefighter Positions



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Streets & Sidewalks

- Total Streets Budget for 2010 is \$51 Million
 - 2010 Budget redirects street maintenance staffing resources to the Street Preservation Initiative – \$1.4 M
- Budget includes \$4.5 M for sidewalks funded with City ATD funds



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Alley Maintenance & Traffic Signals

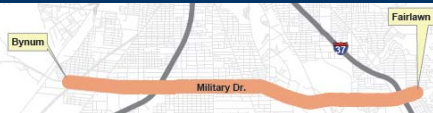
- Budget includes \$2 M to improve service alleys
- Funded by Solid Waste and Storm Water Operations Funds
- Alleys improved for Solid Waste automated trucks



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Traffic Signal System & Modernization

Phase	No. Signals Improved
1 (FY08)	254
2 (FY09)	280
3 (FY10)	252
4 (FY11)	249
5 (FY12)	225
Total	1,260



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Haven for Hope

- FY 2010 Budget includes \$2.5 M in new funding for Haven for Hope campus including:
 - Direct service provider contracts
 - Detox and sobering unit
 - Haven for Hope Inc.
- With additional funding, a total of over \$4 M in General Fund resources will be included for Haven for Hope and related community services



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Workforce & Economic Development

- Over \$500K savings in FY 2010 from Economic Development Department Reorganization
 - Phase I completed by Fall
 - Phase II planned for Spring 2010
- Budget proposes \$1.7 M for Economic Development Initiatives for industry, commercial development and targeted area investments
- Budget uses \$1.5 M in FY 2009 funding for economic development incentives and revitalization efforts around Fort Sam Houston related to BRAC
- City Green Jobs initiatives



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Early Childhood Development

- Budget continues funding for childcare provider education and training totaling over \$500K
- Budget redirects grant resources to develop pilot project that would provide an array of services to parents/families of children enrolled in Head Start or Childcare Services Program
- Head Start building assigned to City (Highway 90/Cupples) will serve as early childhood center pilot



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Environmental Policy Initiatives

- Office of Environmental Policy created in 2008 Budget
 - Six staff members focused on Mission Verde goals and federal economic stimulus funds
- Federal Economic Stimulus Funding identified to date totals over \$25 M for Weatherization Assistance program and Energy Efficiency programs
 - Two solar projects funded at San Antonio International Airport and Henry B. Gonzalez Convention Center
 - Revolving loan program for small business/commercial entities allowing energy efficiency retrofits



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WAGE & BENEFITS

Wage and Benefits

- No cost of living increases in civilian or uniform employees for FY 2010 or FY 2011
- No cost of living adjustment for retirees
- Health Care Premiums will not increase in FY 2010
 - Unless employee selects different plan option
- Step Pay Plan continues at a slower pace





OTHER FUNDS HIGHLIGHTS

Storm Water Fund

- FY 2010 Storm Water Budget totals \$41.8 M
- City's Storm Water Operations services funded by separate monthly fee
- Program supports drainage and annual creek maintenance, flood tunnel operations, river maintenance, street cleaning
- No rate increase proposed in 2010



Drainage Channel Maintenance

Solid Waste Fund

- FY 2010 Solid Waste Fund Budget totals \$84.1 M
- FY 2010 Budget completes automated collection
 - Recycling tonnage has tripled since implementation began in 2006
 - Zero employee injuries with automation
- Alley Automated Collection
- No monthly rate increase in FY 2010
 - Monthly fee totals \$18.74



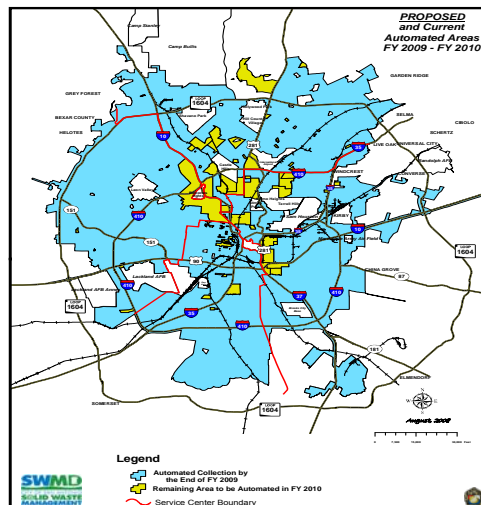
71

Automation Collection Conversion

- Automated service already provided to approximately 300,000 homes representing 87% of the City

Automated as of FY 2009

Automated in FY 2010

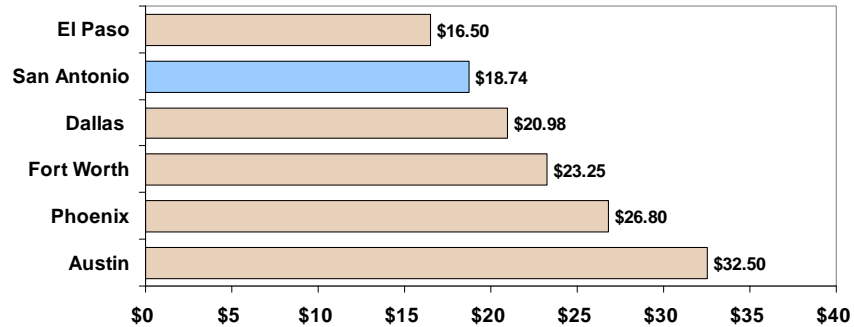


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Solid Waste Fund Fee Comparisons

- City rate remains low compared to other Cities

Projected Monthly Customer Rates in Comparative Cities



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Household Hazardous Waste

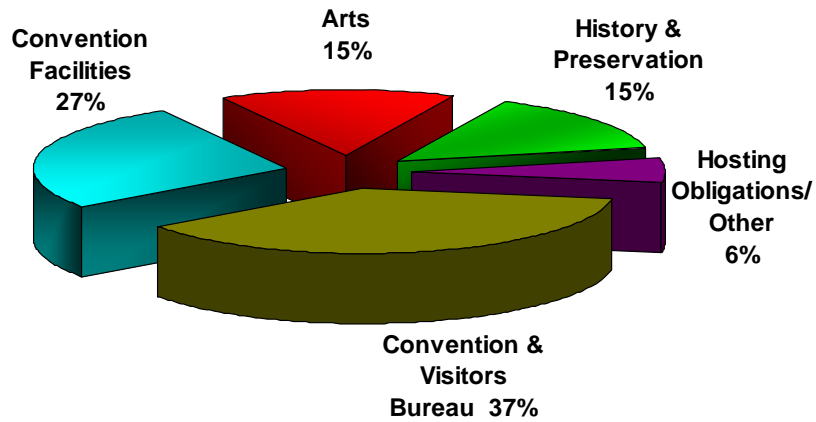
- Program highlights for FY 2010
 - Continue permanent site at Culebra
 - Hold 3 mobile events
 - Bitters Household Hazardous Waste Site becomes operational



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Hotel Occupancy Tax Fund

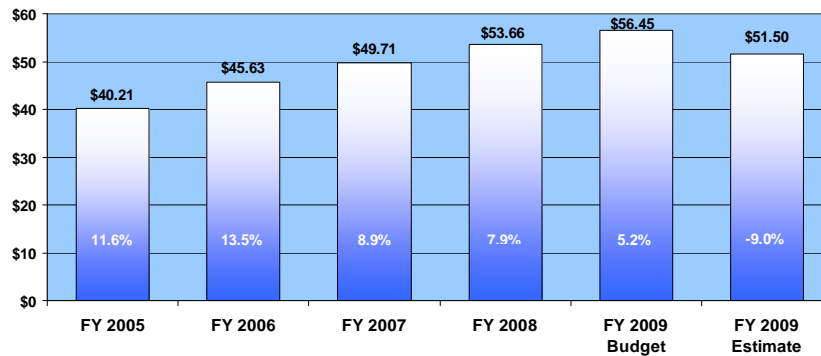
FY 2010 HOT Tax Revenue Budget: \$53 M



75

Hotel Occupancy Tax Fund

**Revenue History
(\$ in Millions)**



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Aviation

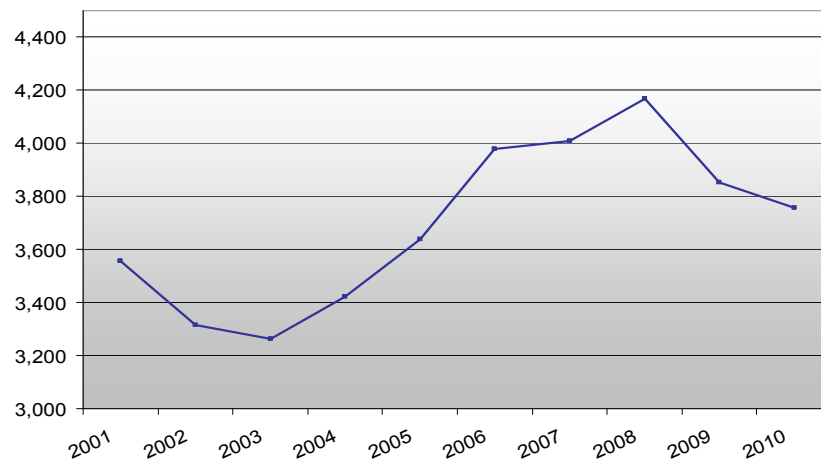
- FY 2010 Airport Budget totals \$67.5 M
- Enterprise fund aligns airport-related revenues to airport operations
- FY 2010 reductions in all department divisions total \$1.5 M
- San Antonio Airport cost per enplaned passenger still remains below comparable airports costs



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Aviation - Enplanements

Enplanements decreased by 7% in 2009



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Planning & Development Services Fund

- FY 2010 Planning & Development Services Budget totals \$23.2 M
- Over past three fiscal years, enterprise fund expenditures reduced by \$4.9 M
 - 69 Positions have been eliminated over same time period
- FY 2009 continues to see residential and commercial permitting and other activity in decline
- FY 2010 Budget freezes 14 positions



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SIX-YEAR CIP

Capital Improvements

- CIP Program totals \$1.4 Billion over 6 Years
- 2007 – 2012 Bond Program
- Airport Improvements Program
- Storm Water Revenue Bond Program
- Facilities Program (Certificates of Obligation) and HOT Revenue Bonds
- City Advanced Transportation District Program



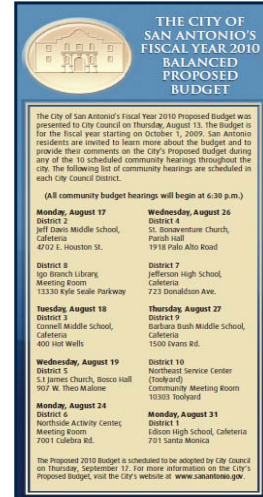
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BUDGET COMMUNICATION

Budget Communication

- Highlights Brochure
 - Printed in English and Spanish
- Employee Highlights Pamphlets
- Newspaper Inserts for Residents
 - San Antonio Express News
 - La Prensa
- Budget Video
- Budget Document
- Individual Council District Hearings



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Budget Hearings

- | | |
|--|---|
| <ul style="list-style-type: none"> • Monday, August 17 <ul style="list-style-type: none"> – District 2 – District 8 • Tuesday, August 18 <ul style="list-style-type: none"> – District 3 • Wednesday, August 19 <ul style="list-style-type: none"> – District 5 • Monday, August 24 <ul style="list-style-type: none"> – District 6 | <ul style="list-style-type: none"> • Wednesday, August 26 <ul style="list-style-type: none"> – District 4 – District 7 • Thursday, August 27 <ul style="list-style-type: none"> – District 9 – District 10 • Monday, August 31 <ul style="list-style-type: none"> – District 1 |
|--|---|

All meetings scheduled for 6:30 PM

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Other Budget Hearings & Adoption

- FY 2010 Proposed Budget Public Hearing
 - Tuesday, September 1 – 6:00 PM
- City Council Considers/Adopts on Thursday September 17
 - Operating Budget & Capital Improvements Plan
 - City Property Tax Rate
 - Revenues Adjustments



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Budget Worksessions

Worksession Date	Topic
Tuesday, Aug 18 Special Session 2:00 – 5:00	<ul style="list-style-type: none"> • Police Protection • Municipal Court Services
Wednesday, Aug 19 “B” Session 2:00 – 5:00	<ul style="list-style-type: none"> • Fire Services • Community Initiatives Services
Tuesday, Aug 25 Special Session 2:00 – 5:00	<ul style="list-style-type: none"> • Infrastructure Management Program (Streets, Sidewalks, Alleys) • Storm Water Operations • CIMS • Capital Improvements Budget

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Budget Worksessions

Worksession Date	Topic
Wednesday, Aug 26 "B" Session 2:00 – 5:00	<ul style="list-style-type: none"> • Parks & Recreation • Animal Care Services • Code Enforcement & Graffiti Mgmt
Tuesday, Sept 1 "B" Session 2:00 – 5:00	<ul style="list-style-type: none"> • Library (w/ Library Board Presentation) • Health Services • Environmental Policy
Wednesday, Sept 2 Special Session 2:00 – 5:00	<ul style="list-style-type: none"> • Downtown Operations • Center City Development • Economic Development/International Affairs • Job Training & Workforce Development

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Budget Worksessions

Worksession Date	Topic
Tuesday, Sept 8 Special Session 2:00 – 5:00	<ul style="list-style-type: none"> • Administrative/Other General Fund Depts • Solid Waste Management Services • Planning & Development Services
Wednesday, Sept 9 "B" Session 2:00 – 5:00	<ul style="list-style-type: none"> • Hotel Occupancy Tax Operations • Airport Services • Information Technology Services
Tuesday, Sept 15 Special Session 2:00 – 5:00	<ul style="list-style-type: none"> • Proposed Fees/Rate Adjustments, Property Tax, Sales Tax (to include ⅓ cent) • Employee Compensation & Benefits
Wednesday, Sept 16 "B" Session 2:00 – 5:00	<ul style="list-style-type: none"> • Potential Budget Amendments Review

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CONCLUSION

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- FY 2010 Budget is balanced
- 5% reduction compared to FY 2009 Budget
- \$19 million in recurring cuts
 - Majority are efficiencies and reduce overhead
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 - \$11 million in additional reduction proposals included in Budget for consideration and evaluation



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BALANCED PROPOSED ANNUAL OPERATING AND CAPITAL BUDGET FISCAL YEAR 2010

PRESENTED BY
CITY MANAGER SHERYL SCULLEY

THURSDAY, AUGUST 13, 2009